



General Assembly

February Session, 2024

Raised Bill No. 304

LCO No. 1951



Referred to Committee on HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT

Introduced by:
(HED)

***AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN
AUTHORITY.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2024*) Any resident of the state
2 otherwise qualifying for an authority loan shall not be disqualified by
3 reason of being under the age of eighteen years and for the purpose of
4 applying for, receiving and repaying such a loan any such person shall
5 be deemed to have full legal capacity to act and shall have all the rights,
6 powers, privileges and obligations of a person of full age, with respect
7 thereto.

8 Sec. 2. Subsection (b) of section 10a-232 of the general statutes is
9 repealed and the following is substituted in lieu thereof (*Effective July 1,*
10 *2024*):

11 (b) Notwithstanding the foregoing, (1) the constituent units of the
12 state system of higher education may participate in one or more
13 education loan programs with the authority and may incur

14 indebtedness pursuant to authority loans, and (2) the authority may
15 create and establish one or more reserve funds to be known as special
16 capital reserve funds and may [pay into] fund such special capital
17 reserve funds with (A) any moneys appropriated and made available by
18 the state for the purposes of such funds, (B) any proceeds of the sale of
19 notes or bonds, to the extent provided in the resolution of the authority
20 authorizing the issuance thereof, [and] (C) any other moneys which may
21 be made available to the authority for the purpose of such funds from
22 any other source or sources, and (D) any surety policy or other similar
23 instrument valued at par and payable or available to be drawn upon on
24 or before any date by which debt service on the bonds secured thereby
25 is required to be paid and issued by a financial institution that is rated
26 "AA" or better by any nationally recognized statistical rating
27 organization and approved by the State Treasurer. The [moneys] assets
28 held in or credited to any special capital reserve fund established under
29 this section, except as hereinafter provided, shall be used solely for the
30 payment of the principal of notes and bonds of the authority secured by
31 such capital reserve fund as the same become due, the purchase of such
32 notes and bonds of the authority, the payment of interest on such notes
33 and bonds of the authority or the payment of any redemption premium
34 required to be paid when such bonds are redeemed prior to maturity or
35 released by the authority; provided, the authority shall have power to
36 [provide] require that moneys in any such fund shall not be withdrawn
37 therefrom at any time in such amount as would reduce the amount of
38 such funds to less than the maximum amount of principal and interest
39 becoming due by reason of maturity or a required sinking fund
40 installment in any succeeding calendar year on the bonds of the
41 authority then outstanding and secured by such special capital reserve
42 fund, or such lesser amount specified by the authority in its resolution
43 authorizing the issuance of any such bonds, such amount being herein
44 referred to as the "required minimum capital reserve", except for the
45 purpose of paying such principal of, redemption premium and interest
46 on such bonds of the authority secured by such special capital reserve
47 becoming due and for the payment of which other moneys of the
48 authority are not available. The authority may provide that it shall not

49 issue bonds at any time if the required minimum capital reserve on
50 outstanding bonds secured by a special capital reserve fund and the
51 bonds then to be issued and secured by a special capital reserve fund
52 will exceed the amount of such special capital reserve fund at the time
53 of issuance, unless the authority, at the time of the issuance of such
54 bonds, shall deposit in such special capital reserve fund from the
55 proceeds of the bonds so to be issued, or otherwise, an amount which,
56 together with the amount then in such special capital reserve fund, will
57 be not less than the required minimum capital reserve. The authority
58 may, as part of the contract of the authority with the owners of such
59 bonds, provide that on or before December first, annually, there is
60 deemed to be appropriated from the state General Fund such sums, if
61 any, as shall be certified by the chairman of the authority to the Secretary
62 of the Office of Policy and Management and the Treasurer of the state,
63 as necessary to restore each such special capital reserve fund to the
64 amount equal to the required minimum capital reserve of such fund,
65 and such amounts shall be allotted and paid to the authority. For the
66 purpose of evaluation of any such special capital reserve fund,
67 obligations acquired as an investment for any such fund shall be valued
68 at amortized cost. Nothing contained in this section shall preclude the
69 authority from establishing and creating other debt service reserve
70 funds in connection with the issuance of bonds or notes of the authority.
71 Subject to any agreement or agreements with owners of outstanding
72 notes and bonds of the authority, any amount or amounts allotted and
73 paid to the authority pursuant to this section shall be repaid to the state
74 from moneys of the authority at such time as such moneys are not
75 required for any other of its corporate purposes and in any event shall
76 be repaid to the state on the date one year after all bonds and notes of
77 the authority theretofore issued on the date or dates such amount or
78 amounts are allotted and paid to the authority or thereafter issued,
79 together with interest on such bonds and notes, with interest on any
80 unpaid installments of interest and all costs and expenses in connection
81 with any action or proceeding by or on behalf of the owners thereof, are
82 fully met and discharged. Notwithstanding any other provisions
83 contained in this chapter, the aggregate amount of bonds outstanding at

84 any time secured by such special capital reserve funds authorized to be
 85 created and established by this section shall not exceed three hundred
 86 million dollars and no such bonds shall be issued to pay program costs
 87 unless the authority is of the opinion and determines that the revenues
 88 to be derived from the program shall be sufficient [(1)] (i) to pay the
 89 principal of and interest on the bonds issued to finance the program,
 90 [(2)] (ii) to establish, increase and maintain any reserves deemed by the
 91 authority to be advisable to secure the payment of the principal of and
 92 interest on such bonds, [(3)] (iii) to pay the cost of maintaining and
 93 servicing the program and keeping it properly insured, and [(4)] (iv) to
 94 pay such other costs of the program as may be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2024</i>	New section
Sec. 2	<i>July 1, 2024</i>	10a-232(b)

Statement of Purpose:

To allow students under eighteen years of age to qualify for authority loans and allow the authority to fund special capital reserve funds with a surety policy or similar instrument.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]